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TAGS: [PGOV](#) [KDEM](#) [ECON](#) [EFIN](#) [ENRG](#) [SOCI](#) [JO](#)
SUBJECT: KING ASKS HIS GOVERNMENT TO AID THE POOR, WHILE PM
UPDATES LEGISLATIVE AGENDA

REF: A. AMMAN 2525

[1](#)B. AMMAN 2496
[1](#)C. AMMAN 2452
[1](#)D. AMMAN 0540

Classified By: Ambassador David Hale for reasons 1.4 (b) and (d)

[1](#)1. (C) SUMMARY: In a public letter addressed to Prime Minister Bakhit on April 13, King Abdullah urged the GOJ to ease the impact on the poor of the recent cut in fuel subsidies, and to make the rich shoulder more of the tax burden. Meanwhile, the Planning Minister confirmed that a more progressive tax code and other reform measures will be part of the government's agenda for a special session of parliament in June. A high-level committee is considering a 26 percent increase in the minimum wage; any proposed increase would be subject to cabinet approval. The King's letter reflects the Palace's recognition that he needs to burnish his populist credentials. This gesture carries with it the risk, however, many Jordanians cynics will see in it yet another initiative that the GOJ does not have the resources to implement. END SUMMARY.

Aid for the Poor

[1](#)2. (U) In an April 13 letter made available to the press, King Abdullah urged PM Bakhit to find ways of easing the impact of the recent lifting of fuel subsidies (refs A, C) on Jordanians with limited incomes. While recognizing that the GOJ "had no choice" but to slash the subsidies, he stated that the measure had "aggravated the suffering of people and brought about burdens people are unable to take on."

[1](#)3. (U) The King further recommended the establishment of a "social solidarity commission" to oversee and coordinate the work of all state agencies concerned with assisting the poor. He asked the government to expand a royal initiative to provide housing for the poor in under-developed areas from 600 units to 2,000 units, and encouraged the GOJ to develop a wider base of energy sources to supplement current reliance on imported crude oil.

Tax Reform

[1](#)4. (U) In his letter, the King also charged the PM to take steps to stop tax evasion and upgrade tax collection capabilities. He called for wealthy Jordanians to pay a greater share of the country's taxes, while the (tax) burden on low-income citizens should be eased.⁸

Likely Legislative Agenda

[1](#)5. (C) Separately, Planning Minister Suhair al-Ali reviewed

for Ambassador April 16 the planned agenda for the extraordinary session of parliament that most observers expect will convene in June. The Bakhit government will press for approval of several bills it has already tabled) an anti-corruption law, an improved anti-money laundering law, the establishment of a government ombudsman, a financial disclosure law for officials, and a law reforming municipal government. In addition, al-Ali confirmed that PM Bakhit planned to introduce new legislation, still being finalized, for a more progressive income tax system, a liberalized press/publications environment, new anti-terrorism/security measures, and new regulations for political parties. Al-Ali did not mention the reformed national elections law, about which PM Bakhit is carefully consulting a broad range of Jordanian political and civil society leaders. This reinforces other reports that the government aims to move this sensitive reform forward in late 2006.

16. (SBU) Government contacts confirm that a high-level committee, including the Finance and Labor Ministers, is considering a hike in the minimum wage from 95 JD to 120 JD (USD 134 to USD 169). An increase of any size would require approval by the cabinet.

17. (C) Comment: The letter came as a surprise to the government, which was not made aware of it before its public release. It reflects the King's impatience with the pace of the Bakhit government's approach to these issues as well as his own desire to improve the monarchy's &connectedness8 with average Jordanians. Its release was accompanied by a series of well-publicized) and much needed -- visits by the King to rural areas and meetings with common Jordanians, held despite the reluctance of officials responsible for his personal security. Despite the weak public response to the Islamist-sponsored work stoppage to protest the increase in fuel subsidies (ref B), the recent lifting of fuel subsidies

remains deeply unpopular. Government measures to provide cash payments to lower-income Jordanians (ref A) are moving ahead, but it is too early to assess their effect on public opinion. The move to consider a minimum wage hike) still in its preliminary stages) is another sign the King is paying close attention to public sentiment.

18. (C) Comment continued: The two greatest points of vulnerability to the regime's public standing are the large and noticeable gap between rich and poor) far greater now than at any time in Jordan's history) and related allegations of corruption in senior government ranks. As Jordan pursues embryonic reforms to create a stronger, more competitive private sector and a more investor friendly environment, it is inevitable that, for an initial period, income gaps will grow. But the ostentatious lifestyles of the newly rich are widely criticized in this small society. It is a wise step by the King to focus personally on unemployment and poverty alleviation, and to be seen doing so. There are dangers, however, in this approach. Jordan has few resources to address the problem meaningfully and quickly, so the King risks association with yet another initiative that does not produce results. He also risks undercutting his government by upbraiding them in public. Finally, there is a risk that the government, in order to placate the King, may act swiftly on proposals, such as the tax law, that have not been adequately prepared and developed as part of a comprehensive package of reforms. Post, and USAID in particular, will work to ensure that the Jordanians have available technical support needed to make sure that these initiatives are steps forward in Jordan's economic growth strategy.

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